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# AGRICULTURAL OUTLOOK DIGEST

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Over the next several months--

\*Farmers' cash receipts may slightly exceed the year-earlier rate;

\*Grocery store food prices may hold about at current levels, and prices of restaurant meals likely will continue rising.

## Larger supplies of farm products.

Larger supplies in store for the first half of 1969, plus continued but perhaps slower growth in consumer demand, will put farm product prices under some pressure. However, increased marketings may raise total cash receipts to producers slightly above the levels of the first half of 1968.

Realized net farm income for 1968 is totaling near \$15 billion, up more than 5% from last year. This brings realized income per farm up to about \$4,900, sharply above last year's \$4,526 per farm.

Record agricultural output this year has boosted market volume. But product prices have also risen due to strong consumer demand. Farmers' cash receipts may total about \$1½ billion over last year's \$42.8 billion. With direct Government payments also up and a small increase in nonmoney income, realized gross farm income for 1968 could total about \$51 billion, up from last year's \$49.1 billion. Rising production costs are offsetting much of this gain.

Grocery store food prices this winter and next spring likely will stay around current levels, reflecting continued but less buoyant growth likely in consumer demand and some weakness in prices at the farm. However, prices of restaurant meals may keep rising, pushing retail price averages for all food up a little between now and mid-1969.

Retail food prices for 1968 are averaging about 3½% above last year--restaurant food is up 5%; food at home, up 3%.

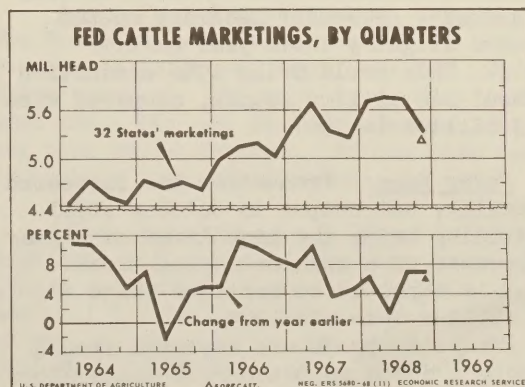
Fed Cattle Plentiful. Substantially more of the cattle reported on feed as of October 1 were in weight groups that normally are marketed after the first of the year. Marketings through winter likely will be large enough to cause some decline in prices from late October levels. Spring marketings will be larger than a year earlier, with prices near winter levels.

Fed cattle prices have held about steady since August, with Choice steers at Chicago around \$28 per 100 pounds. Feeder prices weakened earlier in the fall, but most of the seasonal decline is over. Strong feedlot demand and generally good range conditions have held feeder cattle prices above a year earlier.

Cow slaughter in 1968 is running about the same as a year ago with prices generally higher. The pattern of cow slaughter and prices next year may approximate that of this year.

The inventory of cattle and calves on farms appears to be holding steady this year, with decreases for dairy animals about offsetting gains in beef.

Hog Slaughter Up This Winter and Next Spring. Slaughter in October ran



The 7% summer gain and a similar fall gain would place 1968 fed cattle marketings 5% above 1967.

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above last year; prices averaged about unchanged.

In winter and spring, slaughter will be up from a year earlier probably enough to pressure prices below those in the first half of 1968. Prospective expansion is in response to relatively favorable hog-corn price relationships this year along with abundant feed supplies.

Lamb in Short Supply. Slaughter is expected to be smaller during the rest of 1968 and in 1969. A 4-percent smaller lamb crop this year, together with strong consumer demand for red meats, has held lamb prices well above 1967. And higher prices are expected through mid-1969. The sheep-lamb inventory, declining again this year, likely will decline further next year.

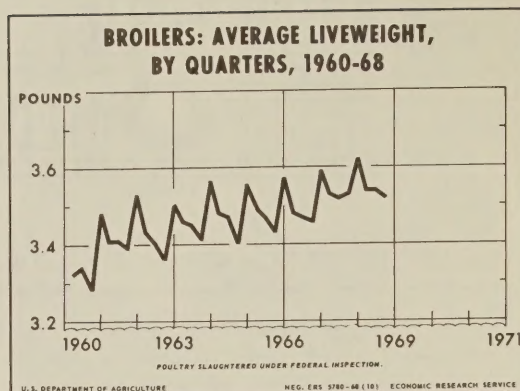
Broiler Demand Still Brisk. So far this year, broiler prices have benefited from an unusually good demand. Despite some weakness in October, prices the rest of this year are expected to continue above those of a year earlier. In mid-October wholesale prices on ready-to-cook broilers in nine cities were 25.3 cents a pound, about a cent above a year ago.

The number of birds raised this year will probably total slightly above 1967. Because broilers have been marketed at lighter weights, total broiler meat output will likely be near last year's volume.

Milk Production Increases. Output in October nearly matched the year-earlier pace. A 3.2% gain over October 1967 in production per cow was the highest this year and about offset the decline in milk cow numbers. November-December output may move slightly above year-earlier levels. This would bring 1968 production to about 118 billion pounds, compared with 119.3 billion in 1967.

Fewer Eggs: Production has increased seasonally, but output in October still was running below the high level of a year ago because of a smaller laying flock. Output is expected to continue below a year earlier into mid-1969.

Prices to producers averaged around 37 cents a dozen in October, 8 cents above a year ago. Prices through the winter are expected to continue well above the low



Average liveweight of broilers at marketing was up in 9 of the past 12 years. Marketing weights trend heavier in fall, lighter in summer. High prices bring light weights as marketings accelerate.

egg price levels of a year earlier.

Crop Output Continues Record High. The "all crops" production index declined 1% during October but still stood record high, 3% above last year. Indicated output of food grains and oilseeds continues at record levels and that of feed grains at the second highest of record. The composite index of yield per acre for 28 leading crops dropped 2% during October but remained record high.

October weather generally favored harvest except in parts of the western Corn Belt. Among major crops, prospects declined for corn, rice, grain sorghums, cotton, peanuts, and tobacco. Slight increases were reported for soybeans, potatoes, dry beans, and apples.

Price Recovery in Wheat: By October, the monthly farm price had risen some 7 cents from the low of \$1.19 per bushel in both July and August. Prices the rest of 1968/69 are likely to strengthen further, since producers have moved a large volume of wheat under loan. However, prices for the entire 1968/69 season will likely average near the \$1.25 national average loan, in part because of lower prices earlier in the season.

November Estimate for Feed Grains Slips From October. On November 1, feed grain output was estimated at 171 million tons. This was 4 million tons below both the October 1 estimate and last year's output. Including 48 million tons carried over, the total supply for 1968/69



is 219 million tons, 6 million more than a year ago.

Relatively favorable livestock-feed price relationships in prospect this season are expected to generate heavier domestic feeding than in 1967/68. But exports may not change much from last year's 23 million tons. The current crop is close to projected total disappearance this season, leaving a 1969/70 carryover about unchanged from the year before.

Corn Crop Revised Downward: The November 1 forecast of corn production was 4,440 million bushels, down almost 150 million from a month earlier and nearly 300 million less than the 1967 crop. Since late October, cash and futures prices of corn have advanced, reflecting withholding of corn from the market, relatively strong demand, and some pickup in exports. With farmers putting more grain under price support, prices are expected to strengthen seasonally from the very low early-season levels as the marketing year progresses.

Soybean Supply Up Sharply. The 1968/69 supply of soybeans is now estimated at 1,246 million bushels, 17% more than last year. A record crop of 1,079 million bushels is expected.

The season price to farmers for 1968-crop soybeans will likely average slightly below the support price of \$2.50. Crushings and exports may about match last season's level, making the increased supply weigh on the market.

Moderate Price for Most Vegetables in Prospect. Fresh vegetable supplies the next 4 to 5 weeks are expected to total about the same as a year ago. Output of tomatoes and cabbage should be down. Production of most other leading vegetables likely will be up. Prices for tomatoes likely will continue record high through the fall. But prices for other major vegetables are expected to average below last fall's high levels. Florida's vegetable crops have recovered somewhat from earlier heavy rains. Harvests are seasonally active. Winter vegetables in south Texas and the Southwest appear to be making normal progress.

November Estimate for Fall-Crop Potatoes Gained 2% from October. At 220

million cwt., the crop is 5% below last year's record but 9% above the 1962-66 average. November prices were moderately above year-earlier levels in the East and Midwest, and sharply higher in the West. During the next few months, markets should be about steady, with prices continuing above the depressed levels of a year earlier.

Sweetpotato output, at 13.6 million cwt., is down 1% from last year because dry weather reduced yields. Supplies are at a seasonal peak; markets will likely continue strong into next spring.

Citrus Supplies Are Up Sharply. The 1968/69 citrus crop (excluding California's Valencia oranges and late-season grapefruit) is expected to be up a third from last season. Orange prospects improved in Florida, California, and Arizona during October. Florida's orange crop is forecast at 128 million boxes, compared with 100.5 million last season and 139.5 million in the record 1966/67 season. California's navel and miscellaneous orange production is expected to be 20 million boxes, more than double a year ago.

Grapefruit output (excluding California's late areas) is estimated at 55.3 million boxes--36% above average. Substantial production increases are also expected for other citrus crops.

Late maturity has been prevalent in Florida and Texas. Early citrus movement has been light but is expected to increase rapidly. Citrus prices are likely to decline from current relatively high levels and are expected to average well below those of last season.

Apple Crop Prospects Down Slightly. The November 1 estimate was 5.4 billion pounds, 1% less than last year and 10% below average. The crop in the West was down most, but the East and Central States are also below average. Prices have been relatively high this season.

More Sugar Than Last Year. Output from the 1968 crops is expected to total almost 6.2 million tons, raw value, up nearly 17% from last year. Virtually all of the increase would come from a prospective 25.7 million-ton sugarbeet crop, up over 34% from last year and 10% above the previous high in 1964. Prospective



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sugarcane output of 26.7 million tons is about the same as last year.

Less Tobacco Output This Year. The 1968 production of flue-cured tobacco is estimated at 22% below last year. The national marketing quota was unchanged from 1967, but yields per acre were down and the acreage-poundage program required growers to market less this year to offset sizable 1967 overmarketings. Total supply for the 1968/69 marketing year will be down 7%.

The production estimate for burley is 1% below last month, but 3% above 1967. Carryover this October was 4% below a year earlier. This year's total supply is 2% below last year and 7% below the 1964/65 record.

Cotton's Share of Fiber Market Nears Record Low. Total fiber demand is surging; cotton's share is lagging. Cotton's share is projected to fall this year to around 43% of the fiber market. Use of man-made fibers is expected to rise and account for over half of the fiber market. The 1968 cotton crop was placed at the 10.9 million-bale level as of November 1. This is an increase of 46 percent from last year's very small crop, but more than 20% below the 1962-66 average.

With expected utilization above this year's output, and only a small volume of new-crop cotton moving into the market, prices for most qualities of cotton

recently have been above loan levels.

Less Wool: Production of shorn wool in 1969 will be moderately less than the 176 million pounds, grease basis, expected in 1968, as sheep numbers decline further. Market prices to U.S. growers for shorn wool in 1969 may average slightly above this year's prices. Prices in 1968 appear to be averaging close to the year-earlier national average of 39.8 cents a pound.

Mill use of raw carpet wool this year may reach 100 million pounds, scoured basis, from 84 million pounds last year. Prices of carpet wool have continued relatively low, following a sharp decline last year. Also, production of all carpets and rugs is increasing. However, wool's share of total fiber use has been declining. If carpet wool prices continue low and production of all carpets increases in 1969 as expected, another rather sharp increase in the use of wool probably will occur.

Thanksgiving  
Leftovers

For the rest of the September-December main marketing season, turkey prices may gain a cent or two above October's level and average well above the 18.8 cents to farmers last fall. This is in response to a 16% decline in this year's turkey crop and strong consumer demand for meat.